



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit

*Pupil Membership Reporting and Auditing
Process*

Michigan Department of Education (MDE)

Report Number:
31-400-04

Released:
April 2005

MDE distributes State school aid to local school districts based on full-time equated (FTE) pupil membership counts as reported by the local school districts and audited by the pupil membership auditors. MDE develops and implements policies and procedures pertaining to the reporting and auditing of pupil memberships. MDE distributed approximately \$11 billion for pupil memberships to 57 intermediate school districts, more than 550 school districts, and nearly 200 public school academies to educate approximately 1.7 million FTE pupils during fiscal year 2003-04.

Audit Objective:

To assess MDE's effectiveness in ensuring the accuracy of K-12 pupil membership counts used in distributing State school aid funds.

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Audit Conclusion:

We concluded that MDE was somewhat effective in ensuring the accuracy of K-12 pupil membership counts used in distributing State school aid funds.

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Reportable Conditions:

MDE discontinued its quality control review process for pupil membership audits (Finding 1).

MDE did not require pupil membership auditors to perform a separate review of the pupils who were included in the September FTE pupil membership count but omitted from the following February FTE pupil membership count (Finding 2).

MDE did not identify and resolve variances between the FTE pupil membership counts reported in the State Aid Management System and the FTE pupil membership counts in the narrative audit reports submitted by pupil membership auditors (Finding 3).

MDE did not use the narrative audit reports to identify trends in pupil membership audit exceptions (Finding 4).

MDE should improve its guidance in its Pupil Accounting and Pupil Auditing Manuals (Finding 5).

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Agency Response:

Our audit report contains 5 findings and 5 corresponding recommendations. MDE's preliminary response indicated that it agrees with 4 of our recommendations and disagrees with the other recommendation.

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A copy of the full report can be
obtained by calling 517.334.8050
or by visiting our Web site at:
<http://audgen.michigan.gov>



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